

EMGT 835 FIELD PROJECT:

Non-Traditional Business Plan - Developing Sustainable Programs Related to Entrepreneurial Opportunities within a Government Contractor

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SPECIAL NOTICE FOR COMMITTEE MEMBERS

Please note that due to the sensitivities associated with the company involved in this field project, it is imperative to generalize and white-wash this paper as it is being created. Upon the consent of the company's security office, the presentation material and the presentation itself will include more specific company information than what will be included in the report in an attempt to convey accuracy and quality of results.

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ABSTRACT

The U.S. Government has one of the most complex organizational structures in the world. It operates by dividing responsibilities among multiple agencies. For example, the Department of Defense is responsible for defending the Nation, which includes all military operations. The Department of Justice is responsible for crime and drug trafficking, the Department of Commerce is responsible for all economic issues, and so on. With this tremendous amount of responsibility on the shoulders of each agency, it has become imperative, and most cost effective, for each agency to rely on government contractors to provide resources and services to meet these daunting, and sometimes overwhelming, objectives.

The need for government contractors rose during the Cold War, as the United States became committed to winning the arms race from the Soviet Union. Therefore, government contractors, involved with helping the arms race, were given the directive to focus on supporting that single mission. In recent years, after the Cold War ended, these government contractors have a much less directed focus on a single mission, and have settled into a mentality of supplementing their workload with other programs, projects, and incentives to continue operating at full capacity. However, they are trying to achieve this new growth using an old, Cold War mentality, which is causing major obstacles and areas of conflict within each government contractor.

This Field Project proposes a non-traditional approach to solving this issue by simultaneously changing the internal business culture, and suggesting a plan for establishing new business and a sustainable customer base.

LITERATURE REVIEW

The topic of business plans for government contractors does not lend itself to a large quantity of literature that gives insight on this subject. Therefore, the approach for the literature review had to be broken into the two main objectives of changing the internal business culture and creating a plan for acquiring new business, as described in the Procedure and Methodology Section of this business plan.

The first objective was to establish what is inefficient and insufficient about the current business model for capturing new entrepreneurial opportunities at the Plant. After an extensive review of how new business opportunities have been captured in the past, it was clear that not enough time was spent on follow up with customers once a particular project was completed. This led to reading Peppers and Rogers' "Return On Customer" (2005). This book outlines the concept of maximizing customer value, and goes above and beyond the voice of the customer. The equation to find Return on Customer is the same as for the Return on Investment equation, and is used as part of the methodology of this business plan. With this concept of return on customer, the website, Business Plans and Marketing Strategies (1995-2007), gave the necessary tools for creating a business plan. The final piece to this objective is to address the issue of communication breakdown that exists between those working in business development, the project leaders, and the managers of both sets of employees. Dr. Deming, (1991, pgs. 83 – 104) conveys the importance of communication and good rapport between suppliers, divisions, management, and workers.

The second objective is to adjust the internal culture to adapt to the new business plan. This will allow for proper implementation and give the best chance for business

success. There are several key sources that are needed to prepare for this cultural change. Kotter (1996) gives a great introduction to this world of cultural change by talking about implementing change, the rate of change, and the kind of business model it takes to succeed in a fast-paced environment. Once change is defined, Shapiro and Jankowski (1998, 2001) discuss how to negotiate so that everyone wins. They introduce the concept of the three P's and the big L, which is even more powerful when combined with the information provided by the Culture Change Planner (2006) website, which serves as a manual on how to modify culture. The last portion to understand how to implement culture change comes from an interesting and unusual construct. Introducing NLP (1995) gives valuable insight into the world of non-verbal communication skills that are essential when attempting to convey an idea, win over a skeptical crowd, or how to listen for true indicators that provide feedback on other peoples' thoughts and reactions.

In addition to addressing the two main objectives, it is imperative to gain a broader understanding of government contractors. Become a Government Contractor (2005) talks about the increasing need for contractors within the U.S. Government, and gives both advantages and drawbacks to becoming a government contractor. U.S. Contractors becoming a fourth branch of Government (2007) addresses the current situation with the amount of money available to U.S. Contractors by the Government. The most obvious and helpful link that gives direct access to information for this business plan is Aerospace Plant H's website. This site provides necessary data for the current status of the plant's operations and their strategic plan for future business growth.

PROCEDURE and METHODOLOGY

This non-traditional business plan is the result of a study of current, ongoing projects and programs within a government contractor over a period of five years, and using internal financial and product quality data to determine a suggested path forward for future work within a unique set of business segments. This business plan will be built on the Three Pillars Methodology, and parts of the non-traditional aspects of this business plan are due to the details of these three pillars.

The first pillar is the unique business structure due to its involvement with government work. As a government contractor, the Plant has some unique challenges. For instance, as a primary government contractor, it is illegal to produce or manufacture anything that results in profit to the Plant. In addition, the Plant operates at the discretion of the government, and therefore abides by two sets of policies; one by the government agency, and another one by the corporate side of the company. The very nature of having these challenges contributes to a non-traditional business plan.

Another pillar is the approach of simultaneously changing the business culture and providing a plan to create new business with a sustainable customer base. This pillar is perhaps the most difficult to accomplish and will only be successful if it is championed by a manager who drives it to upper management as being essential to the future of the Plant.

The third, and final, pillar is the way Aerospace Plant H markets itself. The Plant has traditionally marketed itself as a manufacturer and a producer of high quality products. This message should not be lost, as it is important that people understand the core competencies. However, in this business where the market segments are small and

well-defined, it is important to capitalize on everything the Plant brings to the table and show how it relates back to these core competencies as well. Consequently, there is a Marketing Plan within this business plan that addresses how the current marketing strategy should be augmented to be much more proactive. The Plant should leverage its technical experts to market the engineering services the Plant can provide and the associated value for those services, in addition to its capabilities in manufacturing.

Company Background/Business Review – The history of Aerospace Plant H gives important information about certain time frames and events that have shaped the current organizational structure and business atmosphere. Consequently, this illustrates the necessity for change and validates the case for a non-traditional business plan. In addition, the business review section helps to understand the current conditions of the company through conducting a SWOT analysis. This will give pertinent information to be used in creating a strategic plan.

Strategic Plan – Aerospace Plant H has a detailed strategic plan that is updated annually to reflect any changes to the business. It is the objective of this section to augment the existing strategic plan to include additional information gathered from this business plan.

Internal Business Philosophy – Perhaps this is the most non-traditional and unconventional portion of this business plan. Normally, this is written as part of an internal presentation from management to its employees. However, in this case, it is the managers and directors, who have worked at Aerospace Plant H in excess of 20 years, for which this is intended. Changing the internal business philosophy starting from upper management is a crucial part of the business plan.

Integration with Existing Business Plan – Another unconventional aspect of this business plan is the necessity to incorporate it into the existing business plan. The reason for this need plays into the ideas illustrated in *The Power of Nice* (1998, 2001).

Essentially, management will be more agreeable to an idea of this magnitude if they can see how it enhances their existing idea, rather than suggesting a new idea altogether.

Marketing Plan – This section shows the limited number of market segments for a government contractor, and analyzes the business prospects in each of these segments. It will also suggest a change of focus from traditional market segments to newer, more unfamiliar market segments, and a strategy for how to reach those segments.

Products and Services – Aerospace Plant H is a manufacturing facility, and has traditionally offered a variety of products to its customers. Recently, the Plant has had opportunities to provide engineering services, and, in many cases, fails to deliver quality services due to its manufactured product focus. This section attempts to show a middle ground of providing quality products and services.

New Business Financial Growth Plan – Financial growth is what is most readily visible to internal management. Therefore, it is important to show current and future financial growth to demonstrate the advantages to incorporating this business plan, even so much as to estimate return on investment.

Section I

EXECUTIVE SUMMARY

Aerospace Plant H began production as a government contractor in 1945, and, for the next 50 years, would manufacture some of the most technically complex line of products in U.S. history. However, in lieu of an end to the Cold War, the Plant fell on hard times and in the mid 1990s faced a series of layoffs that threatened to eventually close this 2 million square foot facility.

Aerospace Plant H will continue to provide the highest in quality built products for its customers and strives to continue to be viewed by its customers as a valued national security asset. In addition, Aerospace Plant H is committed to growing its business through entrepreneurial opportunities created by a proactive marketing scheme. The results of these efforts will build sustainable programs and partnerships with new, non-traditional customers.

Business Summary

Aerospace Plant H is at a major turning point as a business. The Plant has the advantage of over 50 years of manufacturing experience, but with a retiring workforce, and an old-fashioned business culture of being reactive to customer needs, there are obvious challenges to overcome in the near future in order to be successful. The Plant must realize where the opportunities now exist, which may or may not be related to the traditional manufacturing, and adjust accordingly. This adjustment requires a culture change that needs to happen within the next three to five years.

Internal Business Philosophy

There are essential key changes to the internal business philosophy to attain success using this business plan. These changes include the need for a cross-functional project team that includes business development, implementing the Return on Customer (ROC) metric, and adopting the five key principles of Predictable Process, Presentation, Push-Back, Personalization, and Patience (Acceptance Cascade) to adjust to the rapid rate of change.

Products and Services Summary

Traditionally, Aerospace Plant H has offered a wide variety of both electrical and mechanical products manufactured to the highest military quality standards and rigorously tests. In addition to this continued robust line of manufactured products, the Plant will also rely on its technical experts to provide engineering services as needed to meet certain other government agency requirements.

Marketing Summary

Aerospace Plant H never had to worry about marketing itself while working under the premise of delivering products to a single customer who determined the design criteria and product requirements. As a result, the Plant has been very reactive in a new age of working with multiple customers from other government agencies, as well as, some non-government entities, and is unfamiliar with how to present a case for why it should be the preferred manufacturer when competing with other government contractors. It is evident that business with new customers from other government agencies is growing at a rapid rate while business with the primary government agency is

in a state of steady decline. Consequently, it is imperative for the Plant to take a proactive approach to marketing by providing solutions to customers needs instead of just informing them of the Plant's capabilities.

Financial Objectives

Aerospace Plant H is currently struggling to meet the yearly goals for bringing in, and growing, new business. Therefore, the Plant must create an incentive for growing new business that will not only meet the current goals, but also exceed them. The ROC metric provides this incentive by giving the expectation to grow the value of each customer over a given period of time.

Section II

COMPANY BACKGROUND & BUSINESS REVIEW

Company Background

Aerospace Plant H has manufactured some of the government's most intricate and technically demanding products. It has changed corporate names a few times, but has maintained its commitment to the government.

Plant H started operation in 1945 and was originally tasked by another government entity to manufacture parts for airplanes during World War II. In 1951, a new government entity took control and the Plant had a new mission, which was to support the manufacturing of components for weapons systems, and over the next 50 years, it has fully supported this mission.

Plant H has received various awards for high-reliability, high quality, and outstanding service over the years, and is a valuable asset to the United States Government.

After the Cold War ended with the fall of the Berlin Wall in 1989, the nation shifted its focus away from building weapons systems. As a result, the Plant went through a series of layoffs. Its workforce, which at its peak was around 10,000 employees, was reduced to approximately 4,000 employees by the mid 1990s. In addition, there was a reduced workload, and the Plant was forced to look for alternate ways of bringing in work and also to keep its engineers and scientists engaged in the latest technologies. The Plant created a business development department that looked at creating partnerships with other government agencies, other industries, and universities to utilize our manufacturing prowess to help define problems and build solutions. Over the

next fifteen years, business development proved useful when it brought in a substantial amount of reimbursable work that supplemented the continually decreasing work from the main government entity.

Presently, Aerospace Plant H struggles to define a mission that truly captures how it has grown over the past 20 years, and how it intends to grow in the future. It still supports the main mission set out by the primary government entity, but cannot support at the same level. The Plant continues to fail to meet its prior commitment to excellence in quality and service due to its retiring workforce and inability to retain and train the next generation of employees. In addition, due to the success of business development, there is a substantial amount of reimbursable work that is almost equivalent to the amount of funding received from the primary government entity. This has caused a number of unanswered questions, such as: which customers get the most support? How can the Plant adapt to multiple customer needs and deadlines? How does this change the Plant's business philosophy and method of operations?

Business Review

An essential part of understanding how to change the Plant's existing Strategic Plan is to review the current state of the business by doing a SWOT analysis. SWOT is an acronym that captures the Plant's Strengths, Weaknesses, Opportunities, and Threats. The results of the SWOT analysis are as follows:

Strengths – Aerospace Plant H has over 50 years of manufacturing experience related to high quality, military grade products. The Plant's motto has been, "If you can dream it, we can build it." Another strength is that even though the Plant

is non-federal, as a primary contractor, it is treated like a federal entity in many cases.

Weaknesses – Due to the history of manufacturing products based on the customer's design and instruction, the Plant tends to be reactive, which in a post cold war era, is a huge weakness. In addition, there are an ever growing number of employees at the Plant who are eligible for retirement. The rate of people retiring from the Plant is much faster than the ability to hire and train new employees.

Opportunities – There are new, unique opportunities for the Plant to grow by utilizing its manufacturing subject matter experts. In certain cases, this means convincing new customers to utilize the Plant's capabilities to meet their needs. However, there are also additional opportunities that may or may not be directly related to actually manufacturing product. In these cases, the subject matter experts may be asked to write white papers or attend conferences and give their professional assessment on topics, based on their experience in that technical area. For these customers, it means changing our philosophy and embracing the opportunity to build a new line of products based on engineering services to which will complement the Plant's strengths in manufactured products.

Threats – There is a steady decrease in the amount of funding that the primary government entity can provide to the Plant. If this decrease is not supplemented with additional funding from other sources, there is a threat of plant closure in the future.

Section III

STRATEGIC PLAN

This strategic plan for Aerospace Plant H is to provide an infrastructure and vision for building and sustaining programs through entrepreneurial opportunities. The details of this plan are a combination of additional language resulting from information gathered from other sections within this business plan, results from three primary research methods, and business development data collected from Aerospace Plant H over a five year period. This Plan is crafted to fit into the existing Plant Strategic Plan.

VISION

To be the center of excellence among the breadth of the customer base toward relentless drive to convert ideas into the highest quality products and services for national security by applying the right technology, outstanding program management and the best commercial practices.

MISSION

To build sustainable programs by creating new customer partnerships, while maintaining 100% on-time delivery of high quality, reliable products and services, within budgets, that meet or exceed customer requirements.

STRATEGIC OBJECTIVES

- Continue to be a national security asset by providing product solutions to answer customer needs for multiple government agencies.
- Develop a new business model for additional opportunities from a broader customer base.
- Develop a non-traditional set of products and services for other government agencies.
- Position the Plant to maximize the value of every new business customer.
- Market the Plant's ability to provide technical solutions.
- Eliminate the Plant's dependency on the primary government agency.

Section IV

INTERNAL BUSINESS PHILOSOPHY

The traditional business philosophy at Aerospace Plant H has been, “if you can design it, we can build it.” This simple message carried the Plant through decades of weapons production. However, this philosophy does not fit the post-cold war business structure, which includes multiple customers, all of which have varying needs and product requirements. The current business philosophy does take into account some of this additional complexity, such as the creation of a business development department and implementing training for engineers on how to manage and report on projects related to non-traditional customers. While this worked as a short term solution, it is proving to have some shortfalls in the long run. It is now evident that certain key changes are imperative to the future success of the Plant.

One of the key changes that must be made is to look deeper than the project face value. Too often Aerospace Plant H assigns a business development representative to capture business from a particular business segment. Once a potential business opportunity is identified, the business development representative passes it onto engineering and works on additional opportunities. Very little additional business development is dedicated to a customer of a particular project unless it is a high dollar customer. This philosophy must change due to the enormous amount of new business that is now required for the Plant’s survival. This new philosophy requires that every project receives the full support of business development throughout the course of the project in conjunction with the engineering point of contact. This establishes a growing

business relationship with that particular customer and grows that area of the business.

The concept of creating the maximum value from your scarcest resource (reference from the book).is known as Return on Customer (ROC), and will be discussed in greater detail in Sections V and VIII of this business plan.

Another change is the rapid rate of change. In the last couple of decades, there has been an increase in the rate of change within a business. One suggested approach to preparing for this increased rate of change, is to build processes around the Five Key Principles of Change¹. The Five Key Principles of Change are Predictable Process, Presentation, Push-Back, Personalization, and Patience (Acceptance Cascade).

Comparing Aerospace Plant H to the Five Key Principles of Change and assessing which areas the Plant should spend more time and effort will increase the Plant's agility and the ability to adapt these changes. This will ultimately affect the Company's overall strategic plan.

Predictable Process

In order to adapt to the rapid rate of change, there must be predictable processes built into the business. Aerospace Plant H has over 50 years of manufacturing experience that has been built on continuous process improvement, which includes predictable processes. This is probably the Plant's strongest proponent for adapting to the rapid rate of change.

Presentation

When there is an unavoidable change on the horizon, there must be a process for how to convey that change to everyone in the organization so that the business

¹ EMGT 830 - Embarq presentation on July 9th, 2007

can prepare for this change. Aerospace Plant H needs to adopt a more consistent, structured approach for presenting, and being receptive to, change.

Push-Back

Push-back is extremely important to recognize the significance of change and whether a business has thought of all variables prior to the change. Much like its experience in predictable processes, Aerospace Plant H has experience receiving push-back. While this may be the result of discomfort associated with the possibility of change, it does prevent the premature reaction to every recognizable change.

Personalization

Personalization is the process of becoming intimately aware of, and responsive to, the rate of change. This is possibly the most intangible of the Five Key Principles because it is a cognitive, rather than a physical, process. Aerospace Plant H lacks experience with this key principle, and must begin implementing it immediately.

Patience (Acceptance Cascade)

The idea behind this principle is to create a layered approach when presenting change to those within the organization. In other words, create an acceptance cascade, by which you first present a small portion of the total change. This then becomes an iterative process of presenting larger portions upon management approval and acceptance of the small portion. This entire process may take several weeks or months, and thus requires a large amount of patience. While this principle is practiced in certain situations at Aerospace Plant H, it has not yet been adopted as a Plant wide principle and, consequently, must be for the future.

Section V

INTEGRATION WITH EXISTING BUSINESS PLAN

The existing business plan recognizes new business as a valid entity responsible for business growth, but fails to place the appropriate emphasis on its importance.

Appendices A through C illustrate the traditional process maps used to capture and develop new business at Aerospace Plant H. These process maps have several deficiencies and inefficiencies, which fail to recognize the need for cross-functional teams that share responsibilities throughout the life of a project, or series of projects.

The new business development approach, shown in *Figure 1*, attempts to address some of these inefficiencies, specifically, the lack of a coordinated effort throughout a project and entire customer lifecycle between business development, program management, and the project engineer. The new approach changes the new business capture and business development process maps, as shown in *Figures 2 and 3*.

In addition to the changes made to the new business process maps, there is also a need to introduce a new concept for how the Plant addresses measuring business growth in terms of maximizing the value from a particular customer, rather than just measuring how well the Plant has met a particular set of customer requirements, which is done through the Voice of the Customer (VOC) metric. Program management has the responsibility for this metric, and does not always share the information with the project engineer and/or business development. Furthermore, one of the main deficiencies of the current business development process is the inability to clearly define a way to measure the value gained from a specific customer and how to sustain continued growth and value from that customer. This deficiency will be countered by the Return on Customer (ROC)

metric. ROC is measured in terms of % of value generated by the Plant from its customers when calculated using the following formula:

$$ROC = \frac{X_i + \Delta CE_i}{CE_{i-1}}$$

Where X_i = Cash flow from customers during period i

ΔCE_i = Change in customer equity during period i

CE_{i-1} = Customer equity at the beginning of period i

For example, Aerospace Plant H began new business with a particular customer approximately 5 years ago with a single \$50k project. Over the first couple of years, the VOC was extremely positive, and likewise, so was business growth. From 2002 to 2004, business with that customer grew to \$1.2M. Using the formula,

$$ROC = \frac{\$1.2M + \$1.15M}{\$50k}$$

ROC = 47 % growth over a two year period.

Over the next three years, the VOC continued to be positive, and based on customer feedback, the potential for business growth was good. However, the ROC for the last three years tells a completely different story. From 2004 to 2007, the revenue generated from the same customer is \$1.5M. Using the formula once again for the last three years,

$$ROC = \frac{\$1.5M + \$300k}{\$1.2M}$$

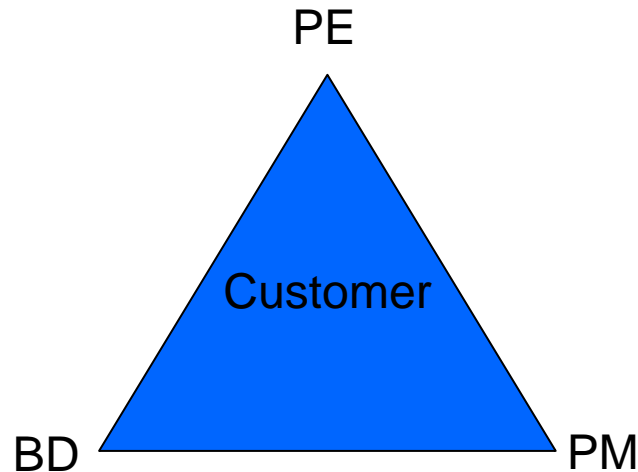
ROC = only 1.5% growth over the three year period.

These results are staggering and demonstrate the obvious large decline in the amount of return on this customer after the initial business opportunity was captured by

Aerospace Plant H. There are many potential reasons that could explain why the return on this customer has declined so drastically. It could mean that the Plant has failed to continue to address the needs of the customer compared to when business with this customer first started. It could also mean that this customer has fallen on hard times and does not have the funding available to increase business with Aerospace Plant H.

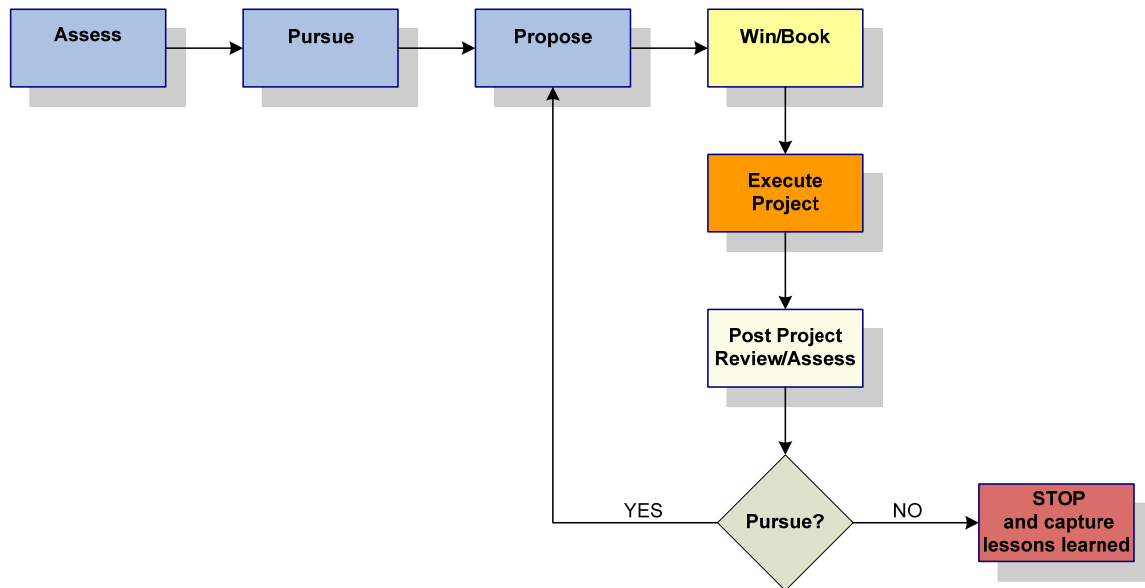
Whatever the reason, it is clear that the ROC metric is a valuable tool that can be used to point out important obstacles that need to be researched and resolved to maximize new business growth. In addition, with the VOC already in place as a common business practice for measuring new business at the Plant, ROC integrates into the existing new business capture processes within business development.

Figure 1 - Non-Traditional Business Development Approach

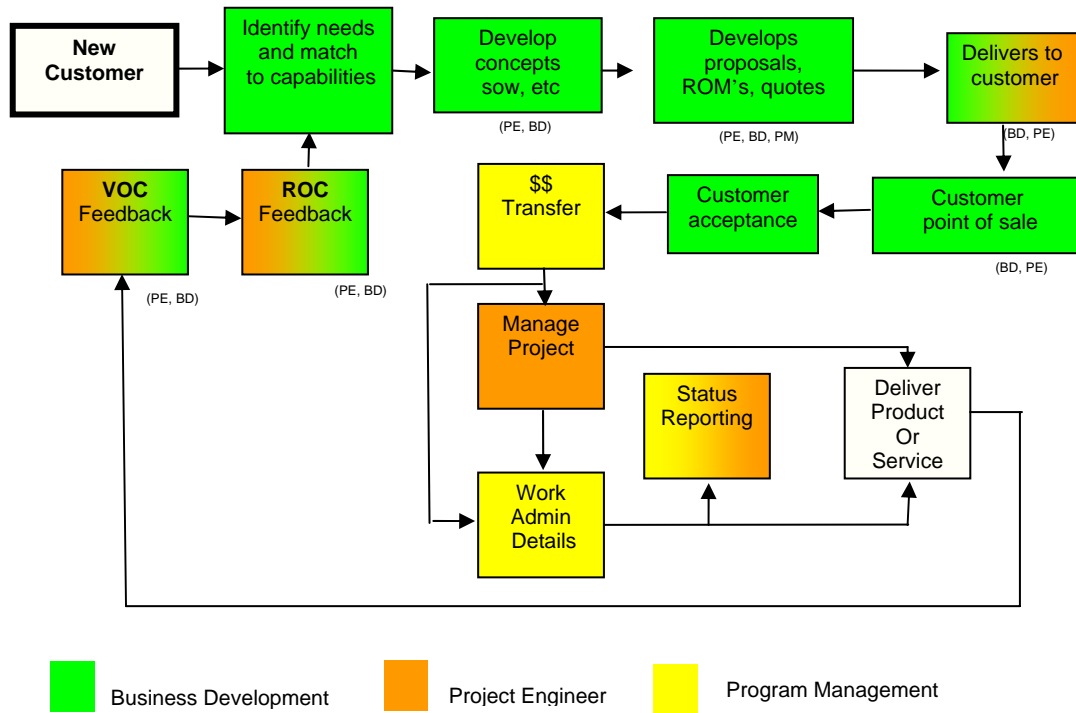


Bus. Dev. (BD) Development	Program Mgt. (PM) Management	Project Engineer (PE)
<ul style="list-style-type: none"> •Initial customer contact (builds relationship) •Identification of needs in market •Involve PM and PE early in the process •Deliver capability briefings •Work to develop “idea”, sow’s, proposals, approached to help resolve customer needs •Deliver proposals with PE •Part of the cross-functional team Communicates regularly with PE and PM through project completion •Responsible for developing programs among common 	<ul style="list-style-type: none"> •\$\$ Transfer process/contacts •Work on proposal team •Manage administration of projects •Expedite material, people, etc •Solicit customer needs •Customer relationship satisfaction •Communicates regularly with BD and PE through project completion •Helps BD develop programs among common customer sets 	<ul style="list-style-type: none"> •Manage project •Develop quote, proposals, sow •Deliver Proposals with BD •Drawings, functions, assembly, services •Interface with customer on sow •Ultimately responsible for product(sow) delivery •Communicates regularly with BD and PM through project completion •Helps BD develop programs among common customer sets

**Figure 2 - Non-Traditional Business
Capture Process Map**



**Figure 3 - Non-Traditional
Business Development Process Map**



Section VI

PRODUCTS AND SERVICES

Traditionally, Aerospace Plant H has focused on delivering high quality manufactured products. The Plant offers two main manufactured products:

1) Electrical Assemblies

2) Mechanical Products

The commitment to high quality standards for all manufactured products has become the trademark of the Plant, and is the single most powerful marketing tool for the Plant's business growth.

In addition to the traditional array of manufactured products, there is a new kind of expertise that has started bring in business for the Plant. Aerospace Plant H has a wealth of knowledge related to manufacturing, and that expertise is seen as a valuable tool that can be utilized in the form of engineering services. This means that Aerospace Plant H can benefit, and receive funding, for simply lending its experts to other agencies for consulting, writing white papers, and attending open forums as part of an advisory committee. The intent is to influence government officials on important policy decisions related to technical topics.

Section VII

MARKETING PLAN

Market Review

As a primary government contractor, Aerospace Plant H has a very narrow selection of market segments. Since a particular government agency has deemed the Plant as their primary contractor, they reserve the right to determine whether the contractor can pursue business with other customers. It is to the benefit of the primary government agency to allow and encourage this kind of business growth because the contractors will gain valuable experience and knowledge from working with other customers that will provide a return on investment for the primary government agency as well.

Aerospace Plant H's customer base can be broken down into three simple categories. They are as follows:

- 1) Primary Government Agency**
- 2) Other Government Agencies**
- 3) Other Non-government Agencies**

As mentioned in the Section II, the primary government agency is the one that has funded Aerospace Plant H since it began production in the 1940s. The history of this customer is extremely integral to the historical success of the Plant. They even have a site office located within the Plant that oversees plant production.

The second customer base is other government agencies. This is the fastest growing category of customers, and ironically is the most under-utilized category of

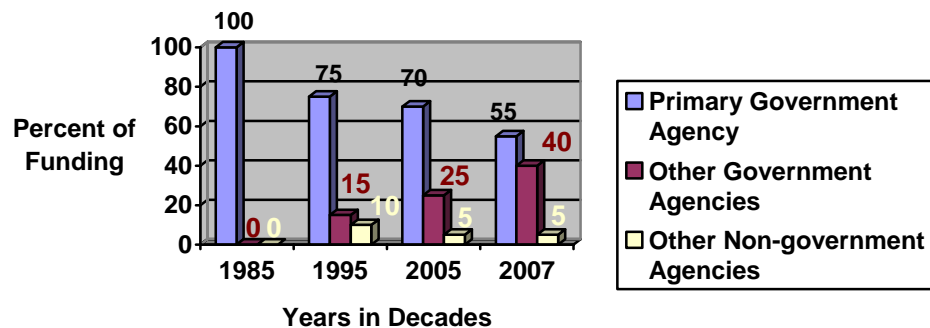
customers. It is essential to drastically improve the Plant's strategy in increasing its customer base this category, and consequently, is the area of focus of this business plan.

The third area relates to all other customers that are not federally funded, which includes, but is not limited to, research institutes and universities. This represents a portion of the total yearly funding for Aerospace Plant H. However, this category of customers will also benefit from the changes made to the market strategy for the second category of customers.

Market Analysis

Table 1 shows the change in work distribution over the past 22 years at Aerospace Plant H, in terms of percent of funding. It is evident that supplemental funding was visible by the mid 1990s, but only accounted for approximately 25% of the total annual budget allocated to the Plant. However, in subsequent years, supplemental funding has dramatically increased to the point of accounting for 45% of the total annual budget through the fiscal year of 2007. If this trend continues at this rate, there will be a significant change in where the primary source of funding will originate in the near future.

Table 1 - Work Distribution at Aerospace Plant H



Therefore, based on this trend and the predictions given by the primary government agency, it is imperative for the Plant to increase focus and efforts toward creating and sustaining a customer base within other government agencies for long term survival.

Marketing Strategy

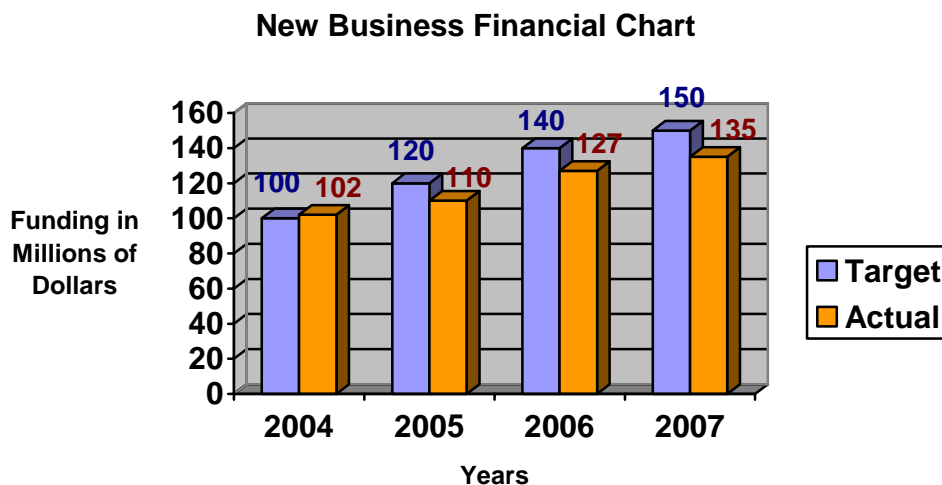
Marketing for Aerospace Plant H is simple in theory, but difficult to implement. The marketing strategy is to be proactive instead of reactive. The Plant can no longer approach new business opportunities by giving customers a list of the Plant's capabilities with the expectation that the customer will provide the ideas for products based on that list. In this new age of fast-paced technology and extremely fluidic customer needs, Aerospace Plant H must be willing to provide potential customers with an assortment of solutions to problems that have been identified while relying on its established assortment of products and services. In addition, the Plant must provide additional options for future applications when delivering a product to a customer.

Section VIII

NEW BUSINESS FINANCIAL GROWTH PLAN

Financial Review

The financial growth plan for Aerospace Plant H in the 1990s only allocated a small portion of the plan to developing new business. However, in recent years, the need for new business could not be ignored and, as seen in the New Business Financial Chart below, new business is now a crucial part of the financial growth plan. Market analysis shows that the new business funding will surpass the traditional funding in the future.

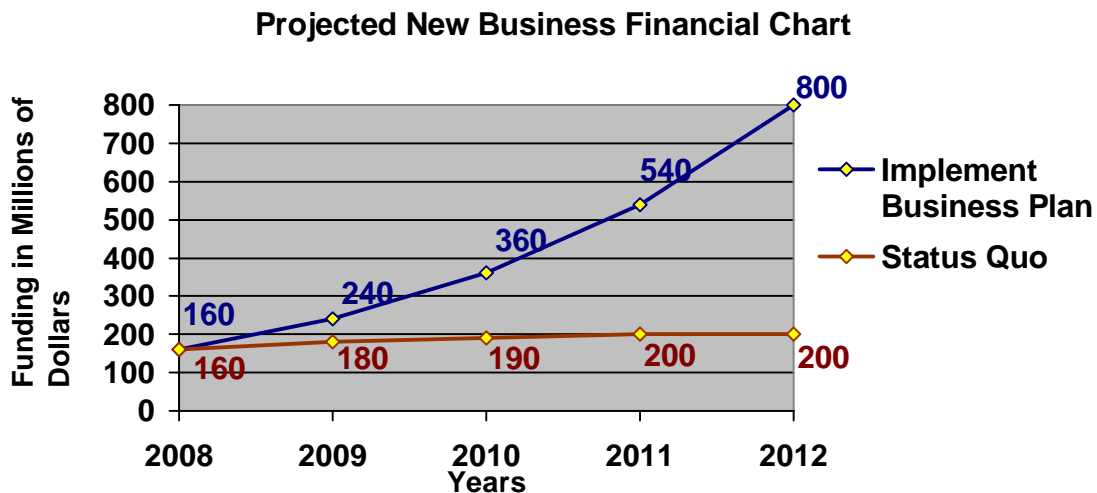


This chart gives us two key pieces of information. First, there is an obvious need for new business, both now, and well into the future, given the current financial targets set by management. Secondly, and most important, is the increasing difference between the projected targets and the actual funding spent on new business per year. This trend, which currently stands at \$15M below what was intended to be spent, is alarming and points to the necessity for a culture change and a new paradigm for creating and sustaining new business.

Financial Plan

Future forecasts for new business must, not only continue to grow as they have in the past, but also at increasingly faster rates per year. More importantly, the Plant must find a way to create enough business to meet the numbers that have been forecasted. To meet these lofty goals depends heavily on new and innovative marketing strategies in the short term. It will also depend on a new plant culture from its internal business philosophy to its use of project teams, and how it builds and sustains new programs in the future.

Financially, this means Aerospace Plant H will strive to increase the ROC every year for all customers. The Projected New Business Financial Chart below illustrates the difference between implementing this non-traditional business plan versus the status quo of little or no change to the way the Plant develops new business. The numbers in red represent the forecasted results of the current approach to business development based on historical data. The numbers in blue represent the business growth potential if ROC for every customer was approximately 50% per year.



FINDINGS & SUMMARY

There were three primary methods used for primary research for this field project. The first method was an inquiry made to representatives from three other government contractors. Another method was an interview with a supervisor from business development at Aerospace Plant H. Finally, a survey was given to the business development employees within Aerospace Plant H.

In the first method, each government contractor representative was asked about whether or not they have established programs within their business structures related to entrepreneurial opportunities. The answers in all cases were that there are no such programs in place. When asked if they would be in favor of a plan that would develop such programs, the answer in every case was affirmative.

The second method of primary research consisted of a one-on-one interview in which a business development manager was asked a series of ten questions centered around both his department/division, as well as, his perspective on many of the attributes of Aerospace Plant H. This particular manager has only been at this Plant for a few years, but has extensive business development experience through previous employers and gives great outside perspective on what it will take to grow business, and his answers gave the largest account, thus far, for management's support in a change to the internal business philosophy in order to continue to grow as a Plant. The manager's answers to the first five questions were fairly common and unexpected. However, his answers for the final five questions were refreshing.

In the final method, a six question survey was created and distributed to employees of the business development department at Aerospace Plant H. The intent of

the survey was to inquire about the perspective from those whom have extensive experience in developing business for this government contractor. The survey was constructed to answer three simple questions about the current business capture process: Are there adequate business development process in place, what additional improvements could be made, and what is their personal experience with obtaining repeat customers versus single project customers (refer to Appendix B)? It is important to note that there are only five individuals whose main responsibility for the Plant is business development. Of these five individuals, only four responded to the six question survey. The results from the answers given by the employees of business development were fairly consistent across the board. This consistency can be attributed to the tenure of these individuals and speaks to the uniformity of the business development systems being used within the Plant.

The results taken from these three methods of primary research created a more effective and accurate business plan that attempts to fill the gaps that have been previously identified.

CONCLUSIONS

Results from the surveys and inquiries point to a lack of communication between business development and both the project engineer and program manager once a project has been funded. One of the most important changes must be the increased involvement of business development through the entire life of a project, even at the program level. The reason is that this is the customer's first impression of the Plant. To have that person disappear once the project starts sets a negative tone that the Plant just passes people off and does not truly care about their needs, and is only interested in the additional funding that the customer can provide to the Plant.

Finally, the implementation of this business plan will not be easy, and will take a great deal of time and patience. Changing the culture will not only take visionaries at the highest levels of management, but may even take a new generation of employees to fully realize the benefits of the suggested changes. Regardless of what it takes, or even if this business plan is fully implemented, the outcome of even discussing this business plan has the potential to create new and exciting thought processes about how to grow business and prosperity for this government contractor.

SUGGESTIONS FOR FUTURE STUDY

Future work for this business plan includes a more in-depth study of government contractors from other areas of the government, rather than focused on weapons or military support, in order to compare against the trends and the strategies suggested for this business plan.

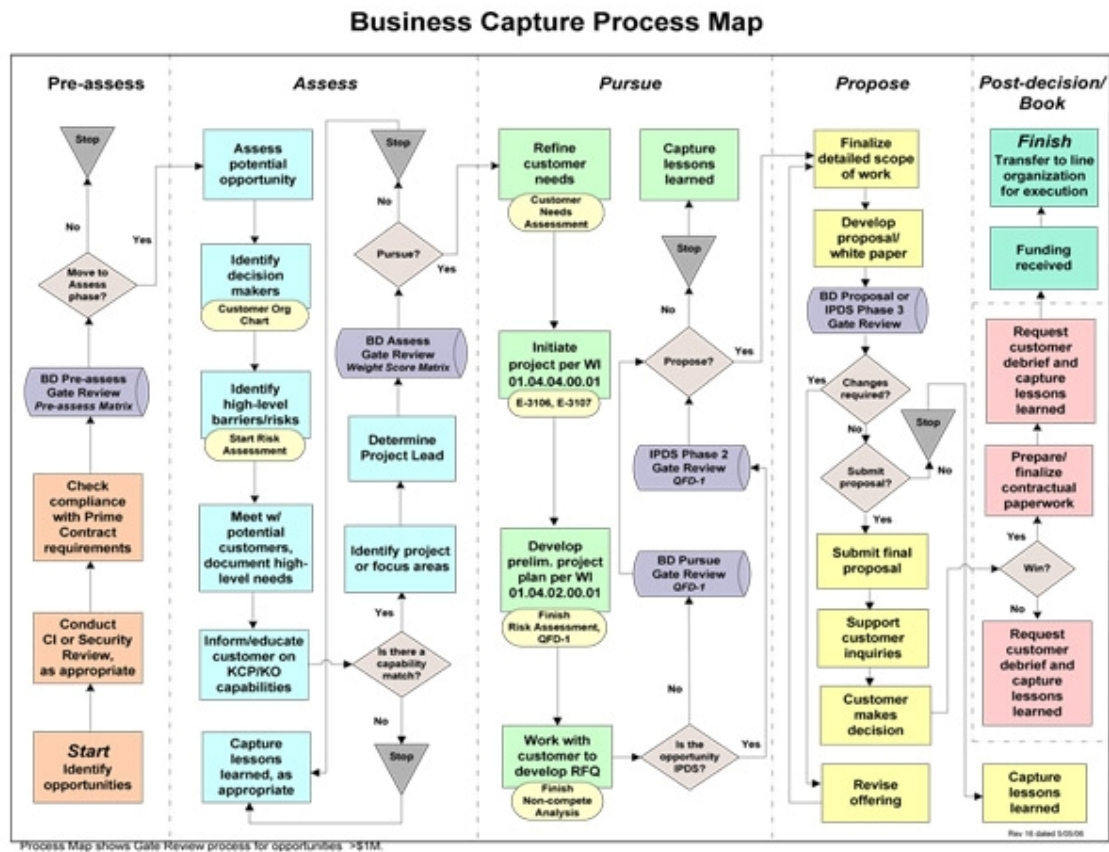
Another area of focus that deserves attention is the affect that the rapid rate of change in technology has on government systems and contractors. The study would attempt to identify the vulnerabilities, and offer up counter-measures to be put in place to reduce the recovery time resulting from these technological changes.

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APPENDIX A

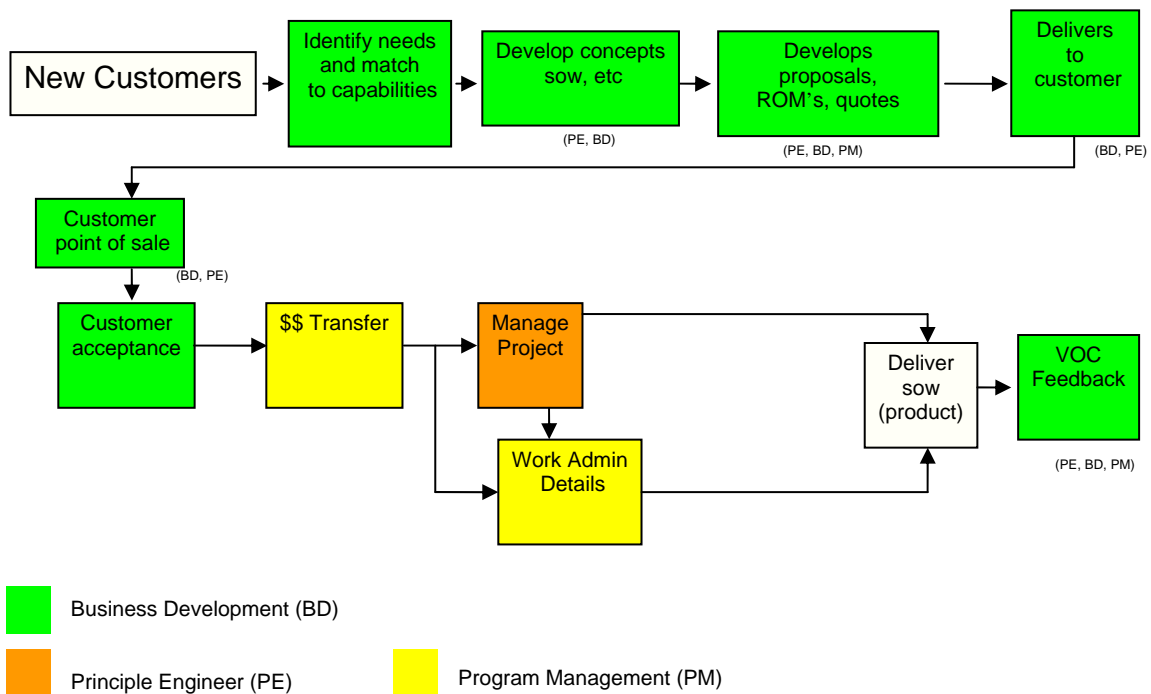
Traditional New Business Capture Process Map



This business capture process map is courtesy of Aerospace Plant H

APPENDIX B

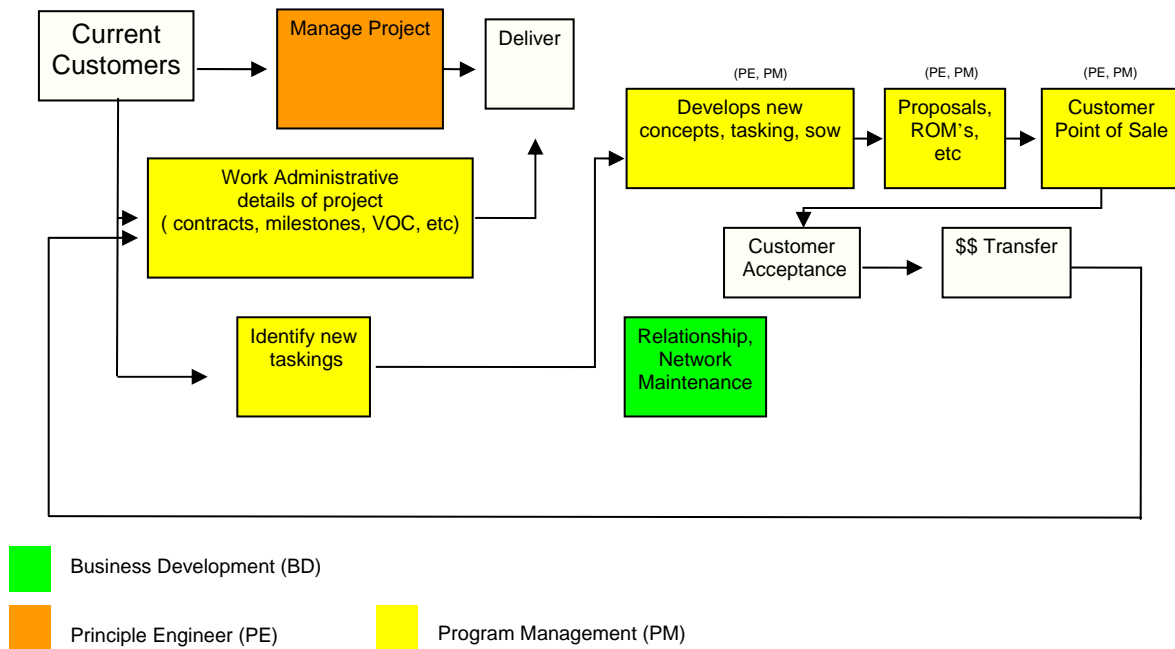
Traditional New Business Process Map For New Customers



This traditional new business process map for new customers is courtesy of Aerospace Plant H

APPENDIX C

Traditional New Business Process Map For Current Customers



This traditional new business process map for current customers is courtesy of Aerospace Plant H

APPENDIX D

Other Government Contractor Inquiry

1. Do you have established programs built around new business and other entrepreneurial opportunities?
2. Do you think there is a need for such programs to exist within a government contractor?

APPENDIX E

Interview with Business Development Supervisor

1. What is the mission and/or vision of your department/division?
2. What are your economic drivers?
3. What do you consider to be the Plant's top discriminator?
4. What do you think is the Plant's strengths, weaknesses, opportunities, and threats?
5. What are the core capabilities?
6. What are the key factors for success?
7. What are your current objectives, priorities, concerns?
8. What current improvement programs are in place today?
9. What improvement programs should be in place?
10. What area of your business would you most entertain new ideas?

APPENDIX F

EMGT 835 Business Development Survey *William A. Helm*

1. How long have you worked in Business Development for the Plant?
2. What process(s) do you use to capture new business for the Plant?
3. Do you feel that there are adequate business development processes at the Plant to capture new business?
4. What, if any, recommendations do you have to change or enhance the current business development processes at the Plant?
5. What percentage of your customers are “repeat business” customers?
6. What percentage of your customers are “one-time project” customers?